

~~SECRET~~**SENSITIVE****MEMORANDUM FOR THE RECORD****SUBJECT: Countering the Threat from Libya**

On 21 October 1981, a second meeting was held on possible new U.S. policy options vis-a-vis Libya, chaired by Robert C. MacFarlane. A revised version of the tasking paper passed out at the first meeting was presented by MacFarlane. According to the revision (attached), CIA is to take a supporting role in the analysis of Libyan vulnerabilities and a leading role in a new requirement for analysis, namely possible Soviet and Libyan counteractions. D/NFAC and NIO/NESA are being advised of the new requirement. Deadlines for the various papers are early in the week of 26 October. After the papers are in hand, an IG-level meeting will be called to recommend possible new policies (e.g., an oil boycott of Libya). The recommendations will then be put before the President.

25X1

[Redacted]
Chief, Near East and
South Asia Division

Attachment:
MacFarlane's Revised Tasking Paper

25X1
Originator: DDO, [Redacted]
22 October 1981

Distribution:

- Orig - DCI
- 1 - DDCI
- 1 - ADDO/DDO
- 1 - C/NE
- 1 - D/NFAC
- 1 - NIO/NESA
- 1 - C/AF
- 1 - DDO Reg (Dummy)
- 1 - ER (Dummy)
- 1 - NE/NA

State Dept. review completed

25X1

WARNING NOTICE
INTELLIGENCE SOURCES
AND METHODS INVOLVED

~~SECRET~~

THE COUNSELOR
DEPARTMENT OF STATE
WASHINGTON

SECRET/SENSITIVE

TO: NEA Ambassador Veliotis
ASD (ISA) Mr. West
PM Mr. Burt
S/P Mr. Wolfowitz
OCJCS General Gorman
CIA Mr. Cogan
AF Mr. Crocker

FROM: C Robert C. McFarlane

SUBJECT: Countering the Threat from Libya

In the wake of the assassination, the United States has moved to reassure Egypt and Sudan through accelerated deliveries of military equipment to Sudan and an increased level of visible US and combined military exercises in the area. In addition, we have told regional leaders that we will stand with them to oppose Qadhaffi.

These efforts have had the desired effect. They have been accompanied, however, by an increased level of Libyan rhetoric and threats. Attacks on the Sudan continue and recent reports suggest that Morocco may become a target.

In order to sustain the credibility and viability of US strategy we must proceed in three areas:

- Pursue an active program to isolate Qadhaffi politically and to exploit Libyan vulnerabilities in order to weaken him.
- Improve the abilities of regional states to defend themselves.
- Establish the means and strategy for fulfilling US commitments to defend regional states in extremis.

I. Exploiting Libyan Vulnerabilities

We must identify and develop a plan for exploiting Libyan vulnerabilities. These should include economic measures designed

SECRET/SENSITIVE

RDS-3 10/20/01 (McFarlane, Robert C.)

to weaken the Libyan economy; political measures to weaken Qadhaffi's standing in the Arab world and within Libya.

Specific efforts to be considered should include: *Morocco*

- Imposing a US and/or major industrialized democracy embargo of Libyan oil (to include measures to offset particularly affected countries, e.g. Turkey, and measures to encourage shifting of long-term contracts to Nigeria and other suppliers). *Italy and West Germany*
- Imposing an analogous ban on exports to Libya, particularly on high technology items with greatest impact on the Libyan economy.
- More limited actions that our allies might support even if they are unwilling to support an oil embargo, e.g., a ban on nuclear technology or on military use (and dual use) equipment; or limitations on Libyan use of diplomatic movements and civilian air traffic to support terrorist activities (to include closings of "People's Bureaus").
- An aggressive information program to be used here in the United States, in the Congress and abroad with key allies and within the developing world -- particularly in Africa and in the Arab world -- to expose Qadhaffi's activities, his goals, his association with and sponsorship by the Soviet Union and his ambitions with respect to other Arab states.

[State lead with CIA, DOD. First draft due October 27.]

II. Information Support

In order to achieve public, congressional and foreign support for these initiatives, it will be necessary to define the scope and seriousness of Libyan activities. This presentation should be exhaustive and should include at a minimum:

- The invasion of Chad and its effects within Chad.
- Attacks on Tunisia.
- Support for terrorists in Ireland and the Philippines.
- Assassination plots against Ambassador Rabb and others.

SECRET/SENSITIVE

~~SECRET/SENSITIVE~~

- 3 -

- Libyan training of terrorists.
- Recent subversive actions in Niger and Somalia.
- Libyan missile and nuclear programs.
- Soviet inspiration and/or support for the Tripartite Pact.

[State lead with CIA. First draft due October 27.]

III. Improving Local Self-Defense

This will require an enhanced security assistance program tailored to meet the most urgent needs of target states. It will necessarily require increased resources (a supplemental appropriation for FY-82) and expanded programs for the FY-83 and the out-years.

[State lead with DOD. First draft due October 27.]

IV. Possible Counter Reactions and Initiatives

Libya is already moving aggressively; but intensified U.S. pressure could lead Qadhafi to still more extreme actions and might lead to a still closer Libyan-Soviet relationship. Analysis should cover the possibility of Libyan attempts to counter any of the above moves. It should also consider ways in which the Libyan-Soviet relationship might evolve, including the circumstances under which the Soviets might deploy a combat presence in Libya (or support third-country deployments) and the risks that the Soviets might perceive in such a move. The analysis should also consider: 1) the effect of a significant drop in oil revenues on: a) Libya's internal economy; and b) Libya's ability to support the continuing occupation of Chad and Libyan destabilization activities elsewhere; and 2) the political impact in Libya of significant setbacks in Chad.

[CIA lead with State. First draft due October 27.]

V. US Military Strategy

An effective military strategy must be developed for deterrence and, should deterrence fail, for providing the required support for victims of aggression. It must be premised upon an intelligence analysis of Libyan capabilities and intentions and should integrate the full range of peacetime and wartime military

SECRET/SENSITIVE

- 4 -

capabilities. The strategy should be developed with a sense of the effect of commitments on Soviet policy. For example, it should include recommendations for the scope and character of US commitments, ~~to support~~ actions by regional states which could invite a Soviet military response or increased military presence in Libya.

[DOD lead with State. First draft due November 6.]

with particular attention to

SECRET/SENSITIVE